

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA IMMEDIATE

C O N F I D E N T I A L STATE 044712

E.O. 11652: GDS

TAGS: ETRN, RP

SUBJ: CIVAIR - PHILIPPINE HOMECOMING FARES

REF: MANILA 2003, STATE 36041, MANILA 2285 AND 2415,

MANILA 2608

1. CAB ON MARCH 4 SENT TO WHITE HOUSE ITS ORDER OF INVESTIGATION AND SUSPENSION OF FARES FILED BY NORTHWEST, PAL AND CHINA AIRLINES IMPLEMENTING GOP ORDER RE HOMECOMING FARES AVAILABLE ONLY TO GROUPS OF 10 PERSONS HOLDING PHILIPPINE PASSPORTS OR US PASSPORTS WITH EVIDENCE OF PHILIPPINE ANCESTRY, THEIR SPOUSES AND DEPENDENTS. BOARD ORDER NOTES THAT NO ACTION WAS TAKEN AGAINST HOMECOMING FARES WHICH BECAME EFFECTIVE NOVEMBER 28 AT SOMEWHAT LOWER LEVELS "DUE TO THEIR VERY LIMITED DURATION AND APPLICATION LIMITED TO THE LOW SEASON."

2. IN SUPPORT OF FILING NORTHWEST MAINTAINS THAT HOMECOMING FARES HAVE PROVIDED 600,000 IN NEW REVENUES, GENERATED HIGHER LEVEL HAWAII-MANILA TRAFFIC, AND PERMIT PHILIPPINES TO TRAVEL IN THE INTEREST OF BETTER US-PHILIPPINE RELATIONS.

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3. PAN AM'S COMPLAINT REQUESTS INVESTIGATION AND SUSPENSION ON GROUNDS FARES UNJUSTLY DISCRIMINATORY AND UNREASONABLE. IT ALLEGES THAT OF THE THREE FILING CARRIERS, PAL IS THE ONLY ONE ABLE TO OFFER DIRECT

US-PHIL SERVICE, AND THUS CLEARLY PRIMARY PARTY AT INTEREST; THAT FARES PATENTLY DISCRIMINATORY SINCE AVAILABLE ONLY PHILIPPINE NATIONALS; THAT FARES HIGHLY PREJUDICIAL TO PAN AM IN THAT THEY REPRESENT SUBSTANTIAL REDUCTION FROM PRESENTLY EFFECTIVE FARES, AND THAT EVEN IF FARES GENERATE NEW BUSINESS SO LONG AS GOP IMPOSES CAPACITY LIMITATIONS PAN AM WOULD NOT BE ABLE TO BENEFIT.

4. PAL, IN RESPONSE PAN AM'S COMPLAINT ALLEGES FARES FILED AT NORTHWEST'S INITIATIVE, AND THAT NORTHWEST HAS RECEIVED ADDITIONAL REVENUES FROM THEM, THAT ALLEGED PREJUDICE TO PAN AM CAN BE CURED BY ITS SUBSCRIPTION TO THESE FARES, AND THAT HOMECOMING PROGRAM IS OF NATIONAL IMPORTANCE TO THE GOP. PAL FURTHER ALLEGES HOMECOMING FARES LESS DISCRIMINATORY THAN TRANSPACIFIC MILITARY DEPENDENTS FARES.

5. NORTHWEST DID NOT FILE RESPONSE TO PAN AM'S COMPLAINT.

6. CAB, IN LIGHT ALL RELEVANT EVIDENCE AND RELEVANT FACTORS FINDS FARES MAY BE UNJUST, UNREASONABLE, UNJUSTLY DISCRIMINATORY AND SHOULD BE SUSPENDED UNTIL MARCH 15, 1975, PENDING INVESTIGATION. LIMITATION OF FARES TO PHILIPPINE CITIZENS AND US CITIZENS OF PHILIPPINE ORIGIN RAISES IN BOARD'S VIEW CLEAR QUESTION OF DISCRIMINATION AGAINST OTHER US RESIDENTS NOT ELIGIBLE FOR FARES. BOARD ALSO NOTES THAT CONCEPT OF MILITARY DISCOUNT FARES HAS BEEN TESTED ON VARIOUS OCCASIONS BY THE BOARD AND THE COURTS AND HAS NOT BEEN FOUND TO CONSTITUTE UNJUST DISCRIMINATION. BOARD FURTHER NOTES THAT MILITARY FARES ARE PRESENTLY UNDER INVESTIGATION. BOARD CONCLUDES THAT SINCE ITS ACTION RESTS ON PRIMA FACIE UNJUST DISCRIMINATION, IT WILL NOT DEAL WITH QUESTION OF REASONABLENESS BUT WILL INCLUDE THIS ISSUE IN THE INVESTIGATION.

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7. COMMENT: IN DEPARTMENTS VIEW ISSUE IS LARGELY BETWEEN CONFLICTING US CARRIER INTERESTS WITH NORTHWEST VIEWING HOMECOMING PRIMARILY AS A LEVER TO OBTAIN ADDITIONAL 747 FREQUENCY, AND HAVING ONLY MARGINAL INTEREST IN HOMECOMING PASSENGERS. NORTHWEST'S FAILURE TO RESPOND TO PAN AM COMPLAINT AS NOTED ABOVE ALSO SUGGESTS RELATIVE LACK OF INTEREST ON THEIR PART AS

PREVIOUSLY INDICATED. EVIDENT METAMORPHOSIS OF HOME-COMING PROGRAMS FROM TEMPORARY PUBLIC RELATIONS EFFORT BY GOP INTO APPARENTLY PERMANENT FEATURE OF US-PHILIPPINE AIR TRAVEL MAKES IT A MORE SERIOUS PROBLEM FROM POINT OF VIEW AT OVERALL CIVIL AVIATION POLICY.

8. MAY BE FURTHER NOTED THAT CAB HAS FOUND YOUTH FARES TO BE UNJUSTLY DISCRIMINATORY AND THEREFORE UNLAWFUL UNDER FEDERAL AVIATION ACT. CAB ALSO HAS SUSPENDED TARIFFS FILED BY BELGIAN AIRLINE AT ORDER OF BELGIAN GOVERNMENT COVERING SPECIAL REDUCED TRANSATLANTIC FARES FOR WORLD WAR II VETERANS WHO SERVED IN EUROPE AND FAMILIES US SOLDIERS BURIED IN BENELUX COUNTRIES ON GROUNDS UNJUSTLY DISCRIMINATORY. KISSINGER

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